



State of Wisconsin

LEGISLATIVE REFERENCE BUREAU

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Richard A Champagne
Chief

MEMORANDUM

To: Senator Chris Larson

From: Joseph Kreye

Date: February 10, 2016

Subject: 2015 Assembly Bill 885

I prepared this memorandum in response to your request for a summary of 2015 Assembly Bill 885. Under current law, a county may enter into an agreement with the Department of Revenue to have the department collect the debts owed to the county. DOR may intercept a person's tax refund in order to pay for the debt or may pursue more traditional collection methods to recover the debt directly from the debtor. Under current law, a county enters into a collection agreement with DOR with the approval of the county board.

Assembly Bill 885 requires Milwaukee County to enter into an agreement with DOR to collect the debts owed to the county, including debts owed to the county circuit court. The agreement may take effect by written proclamation of the county executive without any action taken by, or approval needed from, the county board. The county executive may also approve acceptable payment arrangements for the county's debtors. The agreement would apply to all persons who owe debt to the county, regardless of where such persons reside.

The bill also gives the county executive the authority to establish a division of revenue within the county department of administration. The division would be responsible for the collection of accounts receivable and the administration of debts collected by DOR. The bill requires the division to establish payment plans for debtors who meet certain income limitations. The minimum payment under any such plan must be the greater of \$50 a month or the amount required to pay the debt in full by paying 36 equal monthly installments. If, however, the monthly payment under an installment plan, together with any monthly child support payment, would cause the debtor's annual household income to fall below 100 percent of the federal poverty line, the division may, but is not required to, extend the debtor's plan beyond 36 months.

The bill allows, but does not require, the division to offer payment plans to the following debtors:

1. A debtor whose annual household income is less than 150 percent of the federal poverty line.
2. A debtor whose annual household income will be less than 150 percent of the federal poverty line because the debtor or a member of the debtor's household was hospitalized or disabled during the 12 months prior to incurring the debt.
3. A debtor whose annual household income will be less than 150 percent of the federal poverty line because the debtor or an adult member of the debtor's household was unemployed for at least 90 consecutive days during the 12 months prior to incurring the debt.
4. A debtor who is on active duty in the U.S. armed forces or National Guard during a war, military operation, or national emergency.

The bill also requires Milwaukee County to enter into an agreement with a local workforce development board and pay the local workforce development board, from the revenue received from DOR's debt collection, \$1,000,000 each fiscal year for job training and workforce development programs.

Finally, if the secretary of revenue determines in any year that the county did not certify its debt to DOR for collection to the fullest extent possible, the secretary must report to the county the amount of additional revenue DOR would have collected had the county fully certified its debt. In addition, the secretary must report to the county the specific units of county government that failed to fully certify the debts, and the county must reduce the funding to those units in the next county budget in proportion to the amounts not collected.

Please contact me if you have further questions.